

Message Text

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E.O. 11652: N/A

TAGS: EFIN, TU

SUBJ: MEASURES TO BOLSTER TURKISH BALANCE OF PAYMENTS.

REF: ANKARA 2139, ANKARA 2576

1. TURKISH CENTRAL BANK REPRESENTATIVES ARE REPORTED TO BE IN WEST GERMANY TO WORK OUT FINAL ARRANGEMENTS UNDER WHICH SAVINGS OF TURKISH MIGRANT WORKERS, HERETOFORE HELD IN GERMAN BANKS, COULD BE USED AS FOREIGN EXCHANGE RESOURCES OF CENTRAL BANK. GOT HAS BEEN TRYING DURING PAST YEAR TO WORK OUT FEASIBLE SCHEME FOR TAPPING THESE DEPOSITS. (SEE REFTELS.) MAIN OBSTACLE HAS BEEN LACK OF TURKISH BANK OFFICES OR REPRESENTATIVES ON THE SPOT IN GERMANY WHO COULD ACCEPT DEPOSITS AND PAY OUT WITHDRASALS ON DEMAND BY TURKISH WORKERS. FOR SOME MONTHS, CENTRAL BANK HAS BEEN EXPLORING ARRANGEMENT WITH DRESDNER BANK (WHICH WE UNDERSTAND HAS 800 BRANCHES THROUGHOUT WEST GERMANY)

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WHICH WOULD SERVE AS AGENT FOR TURKISH CENTRAL BANK IN

HANDLING SUCH ACCOUNTS. TURKISH WORKERS WOULD BENEFIT FROM THE NEW ARRANGEMENT BY GETTING HIGHER TURKISH INTEREST RATE WHICH IS NEARLY DOUBLE CURRENT INTEREST RATE IN WEST GERMANY. WORKERS WOULD NEVERTHELESS BE ABLE TO WITHDRAW THEIR DIPOSITS IN DEUTSCH MARKS IMMEDIATELY ON DEMAND AT ANY TIME. ESTIMATES OF THE AMOUNT OF DEPOSITS HELD IN GERMAN BANKS BY TURKISH WORKERS RANGE FROM EQUIVALENT OF TWO TO FOUR BILLION DOLLARS. IT SEEMS UNLIKELY THAT GOT CENTRAL BANK WOULD BE ABLE TO TAP MORE THAN A SMALL PORTION OF THESE DEPOSITS. HOWEVER, UNOFFICIALLY IT IS ESTIMATED THAT POSSIBLY 50 TO 60 MILLION IN FOREIGN EXCHANGE MAY BECOME AVAILABLE TO THE CENTRAL BANK UNDER THE PROPOSED NEW ARRANGEMENT DURING THE NEXT YEAR.

2. AT THE SAME TIME, SEVERAL LOCAL AND US BANKING SOURCES REPORT THAT FIRST NATIONAL CITY BANK AND MORGAN GUARANTY HAVE MADE SUBSTANTIAL PROGRESS IN PUTTING TOGETHER A \$150 MILLION MEDIUM TERM LOAN TO TURKISH ZIRAAT BANKASI (TURKISH STATE-OWNED AGRICULTURAL BANK)M THIS IS IN LINE WITH EFFORTS OF GOT TO SHIFT EMPHASIS AWAY FROM SHORT-TERM BORROWINGS I.E. " CONVERTIBLE LIRA DEPOSITS" ON WHICH IT HAS RELIED HEAVILY TO MEET FOREIGN EXCHANGE NEEDS DURING 1975 AND INTO MEDIUM AND LONGER TERM BORROWINGS LINKED TO SPECIFIC DEVELOPMENTAL PROGRAMS AND PROJECTS.
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